

## MEMORANDUM

From: Larry Disney

To: Kentucky Licensed and Certified Real Property Appraisers

Date: March 4, 2009

Subject: Fannie Mae Announcement 08-30, November 14, 2008

During a recent meeting of the Collateral Risk Network in Washington, DC, I had an opportunity to speak to Mr. Robert Murphy, the Senior Business Manager; Credit Policy & Controls; Enterprise Risk Office for Fannie Mae, about the Fannie Mae Announcement 08-30, specifically the intent of the following language from the amended Selling Guide. ***“This policy is updated to now require that if a supervisory appraiser signs the appraisal report as the appraiser, the supervisory appraiser must have performed the inspection of the subject property.”*** (Italics and bold, my emphasis.)

Mr. Murphy explained that Fannie Mae never intended to prevent the continued USPAP (SR 2-3) compliant expectation for state credentialed trainees to complete property inspections and real property appraisal assignments, as they have done in the past. Of course, all licensed and certified appraisers must continue to comply with applicable Kentucky state appraiser regulatory laws and regulations.

Therefore, Fannie Mae will continue to accept reports that include the signature of the trainee as the appraiser on the left side of the certification form, and the signature of the supervising appraiser on the right side of the form. Also, the supervisor must verify that he or she either did or did not inspect the interior and the exterior of the subject property, including the date of inspection. Also, it is required the supervisor verify that he or she did or did not inspect the comparable sales from the street, and if so insert the date of the inspection.

The intention of the revision (the revised language is included) was to prevent state licensed or certified appraisers, who supervise unlicensed trainees, from signing the appraisal report on the left as the appraiser if they indeed did not inspect the property.

In addition to making Kentucky appraisers aware of the Fannie Mae intent, it is intended to make appraisers aware that the KREAB permits an unlicensed or licensed trainee to complete the entire appraisal assignment (including the inspection) and sign as the appraiser on the left side of the certification. However, if client or user of the assignment requires the services of state credentialed appraiser, a Kentucky licensed or certified appraiser who has been approved by the KREAB as a Kentucky supervising real property appraiser must sign on the right. Regardless of whether the appraiser who signs

on the left is licensed or certified in Kentucky, the KREAB permits the supervisor to check the box “did not inspect”.

If a report certification is signed by anyone who is licensed or certified by the KREAB, regardless of assignment use and regardless of whether the appraiser inspects the subject property or the comparable sales, the report contents must comply with the reporting requirements of USPAP, including Standards Rule 2-3.

The following is a copy of the amended selling guideline language that appears in the Announcement 08-30 that is the subject of this advisory:

**Use of Supervisory Appraisers**

***Selling Guide, Part XI, Section 101.03: Use of Supervisory or Review Appraisers***

Fannie Mae defines the appraiser as the individual, who personally inspected the property being appraised, inspected the exterior of the comparables, performed the analysis, and prepared and signed the appraisal report as the appraiser. Fannie Mae allows an unlicensed or uncertified appraiser who works as an employee or subcontractor of a licensed or certified appraiser to perform a significant amount of the appraisal (or the entire appraisal if he or she is qualified to do so)—as long as the appraisal report is signed by a licensed or certified supervisory or review appraiser and is acceptable under state law. This policy is updated to now require that if a supervisory appraiser signs the appraisal report as the appraiser, the supervisory appraiser must have performed the inspection of the subject property.